

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7264

BILL NUMBER: SB 379

NOTE PREPARED: Jan 5, 2013

BILL AMENDED:

SUBJECT: Municipal Library Reorganization.

FIRST AUTHOR: Sen. Walker

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: *Referendum Approval-* The bill provides that subject to the approval of voters in a referendum, a public library for which at least 95% of the library district territory is located in one municipality may be reorganized as a municipal library department. The bill specifies that a referendum on the reorganization of such a library may be placed on the ballot if the holding of the referendum is approved by the library board and by the legislative body of the municipality. The bill specifies that if the referendum is approved, the public library ceases to be a separate political subdivision and an independent taxing unit, and is instead a municipal library department of the municipality.

Municipal Library Board- The bill specifies the membership of the library board of the municipal library department. The bill provides that the municipal library board shall appoint the head of the municipal library department, subject to the approval of the legislative body of the municipality.

Special Taxing District- The bill provides that if the referendum is approved, all territory within the municipality is a library special taxing district, and that to the extent that the boundaries of the library district included territory outside the municipality, that territory is also part of the municipal library department and the library special taxing district.

Annexation Considerations- The bill specifies that any territory annexed by such a municipality becomes part of the library special taxing district of the municipality, regardless of whether the annexed territory is already part of another library district.

Powers and Duties- The bill provides that, with certain exceptions, a municipal library department has the

powers and duties of a Class 1 public library.

Municipal Fiscal Body Appropriation Powers- The bill provides that the municipal fiscal body exercises the fiscal and appropriation powers otherwise granted to a library board.

Separate Max Levy- The bill requires the Department of Local Government Finance (DLGF) to establish a separate maximum permissible property tax levy for the library special taxing district.

Tax Rate- The bill specifies that for three years after the reorganization, the property tax rate imposed in the library special taxing district may not exceed the property tax rate imposed for the public library in the year preceding the year in which the municipal library department is established.

Annual Budget Submission- The bill requires the municipal library department to submit an annual budget to the municipal fiscal body in the same manner as other departments of the municipality.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Separate Max Levy-* The Department of Local Government Finance would be able to establish a separate max levy for a special taxing district within the course of the regular conduct of business.

Explanation of State Revenues:

Explanation of Local Expenditures: *Referendum Approval-* Adding a public question to a general election ballot within 60 days of the election could increase the cost of ballot production in counties that use optical-scan (ballot card) voting systems, if the question could not fit on the ballot without printing additional pages. Counties with direct recording electronic (DRE) would be able to add a public question to the general election ballot with little to no additional expense.

Municipal Library Board- The head of the municipal library department (MLD) would be appointed by the municipal library board subject to municipal legislative body approval. The impact of this provision to local expenditures would depend on municipal legislative body action, including any increases in pay that the head position may require for additional responsibilities, such as annual budget preparation. The municipal library board would have five members appointed as follows: one member appointed by the municipal executive, three members appointed by the municipal legislative body, and one member appointed by the governing body of the school corporation that contains the largest section of the municipality.

Annual Budget Submission & Appropriation Powers- This provision could require some additional meeting time of the municipal fiscal body in order to review and approve the MLD's budget and appropriations. It is likely, that the fiscal body would be able to accomplish this provision within existing scheduled meetings of the fiscal body.

Explanation of Local Revenues: *Separate Max Levy-* This provision should not make any changes to the max levy of a county library that becomes an MLD. Property owners in the municipality that had been served by the county would stop paying county library property taxes and begin paying MLD property taxes.

If any territory is transferred to a special taxing district as a result of the bill, the DLGF would adjust the max

levy of the other library district from which the territory was transferred. Additionally, the taxpayers within the transferred territory would still be liable for any indebtedness in the library district that transferred the territory to the new MLD. The bill provides a formula for calculating indebtedness that remains with the taxpayers within transferred territory. The municipality would be allowed to levy property taxes to pay any indebtedness within the transferred territory.

Tax Rate- The provision could reduce a municipality's library tax rate as more taxpayers located within the boundaries of the MLD would begin to pay property taxes for the MLD. In contrast, tax rates could increase for the property owners that would still be served by the remaining county library system, as fewer taxpayers would be in the county library tax base. For three years, however, the special taxing district rate may not exceed the tax rate imposed for the qualified library's general fund from the year before the MLD is established.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Municipalities, libraries, county election boards.

Information Sources:

Fiscal Analyst: Chris Baker, 317-232-9851.